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DEPARTMENT OF STATE

ACTION MEMORANDUM

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S/S

EXCISE

December 9, 1978

CONFIDENTIAL (entire text)

TO: The Acting Secretary

FROM: HA - Mark Schneider, Acting

SUBJECT: [redacted] Consultations on Human Rights and the Multilateral Development Banks

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Issue For Decision

Whether the proposed talking points at Tab 1 are appropriate and specifically, to what extent we should identify individual countries in the course of our consultations in order to influence the channelling of resources away from those specific countries?

Essential Factors

[redacted] representatives from the Department of Treasury, HA and EB will [redacted] discuss with other donors to the multilateral development banks (MDBs) our efforts to date in introducting human rights concerns into those banks. We will be exploring mechanisms for future cooperation in channelling the resources of the MDBs in such a way that more assistance will be given countries which have demonstrated their commitment to pursing acceptable standards of human rights and, conversely, less will be allocated to those engaged in a consistent pattern of gross violations of internationally recognized human rights. We will also be discussing ways in which we can work together with other donors to channel more assistance to meet basic human needs, particularly, when such assistance is allocated for countries with serious human rights problems.

[redacted] in order to carry

the consultations forward the US representatives plan to talk about specific future actions in the banks. This will be done while emphasizing that positions taken with regard to assistance to certain countries will be subject to change as circumstances within those countries change.

There is a division of opinion in the State Department as to how specific these consultations should be, i.e., to what extent individual countries should be identified in explaining the probable future position of the USG in supporting planned assistance.

[redacted] On the other hand, AF and EA are concerned that we would be creating an international hit list by naming such countries specifically, even when we make future actions contingent upon an assessment of the situation at the time a project comes forward for a vote. These Bureaus believe this could have serious negative repercussions for our human rights policy in general, and would create serious problems in our bilateral relations with particular countries.

Bureau Positions

The attached talking points to be used by Mr. Machmanoff and Mr. Schneider have been revised to incorporate the positions provided by other Bureaus in the Department, with the exception of EA and AF.

EA/AF Position

EA and AF share the following fundamental concerns about the draft talking points for our human rights consultations [redacted]

--The proposed scenario is a hard sell effort to enlist our major allies in agreeing on a very specific list of countries where we should vote negatively or abstain when loans come up in the IFIS. It is neither required by law nor desirable

to go so far. Several if not all of our allies have strong reservations about the general thrust of our human rights policies, as well as the specific actions we have taken and few have gone along with us to date. To attempt suddenly to get them to agree to a list of offenders will not be well received, nor is it likely to succeed.

--The suggested approach amounts to our proposing "an international hit list" without agreement on criteria for labelling governments as practioners of "extreme forms of repression." Internationalizing a "hit list" will compound the well known disadvantages inherent in such an approach.

--The target countries would be sure to find out about our efforts. They would tend to view this move as a real threat to their interests and could well react more sharply than they have to our past individual efforts in the human rights area. In some cases there might be serious negative effects on our bilateral relations. All IFI recipients would tend to perceive our approach as an effort to enlist the rich against the poor.

--There seems to be a clear intention in the talking points to set up a forum, not only for coordinating action on IFI loans, but for coordinating action on bilateral assistance and diplomatic initiatives. The regional bureaus question the advisability of doing this, and the appropriateness of it being done in a forum which will be under Treasury aegis.

The tone of the talking points is punishing, emphasizing the need to go after offenders. It would be preferable to take a more positive approach with emphasis on our efforts to create a worldwide atmosphere which is conducive to improved human rights and on the benefits to be derived from good human rights practices. Our negative proposals and actions should be couched in these terms.

In view of these concerns EA and AF conclude the talking points should be revised to reflect these concerns. In their view, it would be most productive to concentrate on eliciting the views of the other parti-

cipants and not engage in a hard sell of our own views. They also believe we can usefully and appropriately review our own policies and actions to date in general terms and also encourage greater interest and activity on the part of the others present. We should invite discussion of means of coordinating action on IFI loans without developing a hit list. EA and AF believe however, that we should not force the pace of the discussion and should avoid lists and harsh descriptions of human rights situations in various countries. EA specifically wishes to omit the description of how the human rights situation in [redacted] in view of the potentially disruptive effect this could have on our [redacted] bilateral relations with the [redacted]

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The Options

1. Authorize our representatives [redacted] to consult along the lines described in the attached talking points.

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2. Authorize the U.S. Government representatives to refer to the U.S. past voting record, use the country examples cited in the talking points, [redacted] as illustrative of how the U.S. Government reaches decisions to oppose MDB assistance and promise to consult on a case-by-case baiss in the future, leaving enough lead time for other governments to reach decisions on their voting positions based on human rights considerations.

Advantages

-- It would be far simpler to enlist support for this approach and it would not run the risks of antagonizing target countries.

-- If sufficient lead time is provided to other governments, this apporach could affect project approvals on the Bank Boards.

-- Such an approach may influence bank managements to channel assistance toward countries where support is certain and away from countries where voting patterns are in opposition to projects that have emerged over time.

-- This approach may influence bank managements to channel more assistance into the BHN area where support is more likely.

Disadvantages

-- This approach is similar to what we have been doing so far. It addresses only by implication the desire to channel assistance before a project reaches Bank Boards for approval.

-- We would continue to make the thrust of the policy confrontational by registering concerns in public at Bank Board meetings.

-- This approach does not provide for channelling assistance to countries which subscribe to acceptable human rights standards.

-- This approach does not provide for specific efforts to make the nature of assistance programmed for countries with serious human rights problems more conducive to meeting basic human needs, and thus, more likely to be supported by the U.S..

Recommendation

That you authorize our representatives [redacted] to use the talking points attached at Tab 1.

Approve_____ Disapprove_____

ALTERNATIVELY, that you authorize the representatives to the Paris meetings to use a modified version of the talking points which will meet the criteria set forth in the EA/AF position.

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Approve ✓ Disapprove_____

Some 1

Approved by WC as modified per his instructions

Attachments:

1. Proposed Talking Points
2. State Telegram # 302590

Drafted: HA/HR:MBovard
x22126 12/8/78

Concurrence: ARA:JBushnell
EA/RA:PCleveland
AF/IRRHoudek